GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1023
ANSWERED ON:22.07.2016
Action against Loan Defaulters
Kharge Shri Mallikarjun

Will the Minister of FINANCE be pleased to state:

(a) whether the Non Performing Assets (NPAs) of the public and private sector banks (PSBs) are on the rise, if so, the details thereof during each of the last three years and the current year, bank-wise;
(b) the details of the NPAs recovered and written off by PSBs during the said period, bank-wise;
(c) whether the Government has advised PSBs to take strict action against loan defaulters, if so, the details thereof; and
(d) the remedial measures taken/being taken by the Government/Reserve Bank of India (RBI) to control NPAs?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a) Yes Sir, the details of NPAs of Public Sector Banks (PSBs) and Private Banks for the last three years and the current year is as per Annex I.

(b) The details of the NPAs recovered and written off by PSBs is as per Annex-II.

(c) The Reserve Bank of India (RBI) has issued guidelines updated on July 1, 2015, on willful defaulters to dis-incentivize borrowers who have money and do not pay or have diverted the funds or siphoned off funds or removed assets given as security, indicting action that includes; (i) restricting additional facilities to such defaulters from banks and financial institutions, (ii) barring of such borrowers from institutional finance, (iii) criminal action, (iv) removal of directors of such companies from boards and (v) change in management. Under the existing guidelines there is a scope to initiate criminal action against wilful defaulters depending upon the facts and circumstances of the case under the provisions of Sections 403 and 415 of the Indian Penal Code (IPC) 1860.
(d) the government has taken specific measures to address issues in sectors such as Infrastructure (Power, Roads etc.), Steel and Textiles where incidence of NPAs is high. The government has also approved establishment of six (6) new Debt Recovery Tribunals (DRTs), to speed up the recovery of bad loans of the banking sector, in addition to existing thirty three. Reserve Bank of India (RBI) has also undertaken steps which include (i) Formation of Joint Lenders' Forum (JLF) for revitalizing stressed assets in the system, (ii) Flexible Structuring for long term project loans to Infrastructure and Core industries, and (iii) Strategic Debt Restructuring (SDR) scheme (iv) Scheme for Sustainable Structuring of Stressed Assets (S4A).The Government has recently issued advisory to banks to take action against guarantors in event of default by borrower under relevant sections of SARFAESI Act, Indian Contract Act & RDDB&FI Act, since in the event of default, the liability of the guarantor is co-extensive with the borrower.
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